

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 99-125

May 28, 1999

CENTRAL MAINE POWER COMPANY
Establishment of Short-Term
Energy-Only Rates

ORDER APPROVING
STIPULATION

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. SUMMARY OF DECISION

In this Order, we approve a Stipulation that establishes CMP's Chapter 360, Section 3(B) avoided Short-Term, Energy-Only (STEO) rates for the period June 1, 1999 through February 29, 2000. This Stipulation also allows members of the IECG and the IEPM to receive the actual NEPOOL Energy Clearing Price under certain conditions, instead of the STEO rates that would otherwise be applicable.

II. PROCEDURAL HISTORY

On March 1, 1999, CMP filed proposed STEO rates and requested that the Commission adopt these rates to be effective as of April 1, 1999. Pursuant to Commission Order in Docket No. 96-016 (dated January 13, 1999), CMP's STEO rates are normally reviewed as part of the Company's annual rate-plan review and become effective on July 1st of each year. CMP indicated that it was seeking an earlier effective date this year because "existing STEO rates are far in excess of current market rates for energy."

On March 5, 1999, the Examiner issued a Procedural Order and Notice of Proceeding that provided an opportunity for petitions to intervene and directed any petitioner objecting to CMP's proposed April 1, 1999 effective date to file comments by March 15, 1999, explaining their objection. This deadline was later extended to March 19, 1999 due to a delay in the notice to some entities.¹

The Commission received, and granted, petitions to intervene in this proceeding from Forster, Inc. (Forster), the Industrial Energy Consumers Group (IECG), the Independent Energy Producers of Maine (IEPM), S.D. Warren Company (S.D. Warren) and the Kennebec Water District (KWD). The IEPM,

¹ The Commission provided its Procedural Order and Notice of Proceeding to the list of entities that may be paid STEO rates included in the Company's filing. This list was later found to be incomplete, thereby delaying the provision of notice to some entities.

S.D. Warren and the KWD objected to the proposed April 1, 1999 implementation date and the IECG and Forster filed a letter supporting the IEPM's objections.

In response to the objections to the proposed April 1, 1999 implementation date, the Examiner issued a Procedural Order (dated March 22, 1999) that provided a schedule for considering both the merits of CMP's filing and the objections to the proposed implementation date. Pursuant to that schedule, the Commission held a technical conference on April 2, 1999. On April 16, 1999, CMP filed updated STEO rates that reflected new market rate projections based on changes in the price of oil and natural gas futures. Subsequent to the technical conference, settlement discussions ensued and on May 17, 1999, Central Maine Power Company filed a Stipulation on behalf of itself and all other parties to the proceeding to resolve all outstanding issues.

III. DISCUSSION

Under the terms of the Stipulation, the parties agree that:

1. The STEO rates for the period June 1, 1999 through February 29, 2000 set forth in Exhibits I and II (attached to the Stipulation) are reasonable and should be adopted by the Commission, reserving the parties' rights to petition the Commission to set new STEO rates during that period;
2. Members of the IEPM and the IECG may elect to receive the actual NEPOOL Energy Clearing Price (ECP) instead of the STEO rates if they notify CMP prior to July 1, 1999; enter into an appropriate contract amendment to implement this election; agree to take the ECP through February 29, 2000 and agree to be subject to the risk of negative ECPs.

We have considered the Stipulation under our general criteria for approving such agreements: whether the parties joining the Stipulation represent a sufficiently broad spectrum of interests; whether the process that led to the Stipulation was fair; and whether the stipulated result is reasonable, not contrary to legislative mandate, and is in the public interest. *See Public Utilities Commission, Investigation Into Regulatory Alternatives for the New England Telephone and Telegraph Company d/b/a NYNEX*, Docket No. 94-123 at 4-5 (Mar. 17, 1998). Taking these general criteria into account and upon review of the specific terms of the Stipulation, we find the agreement to be reasonable and consistent with the public interest.

However, we approve these STEO rates for the limited purpose of adopting Chapter 360, Section 3(B)(1) avoided energy rates and make no finding as to their reasonableness for other purposes. Specifically, whether these rates are appropriate for estimating the savings associated with Qualifying Facility

restructurings will be considered as part of CMP's annual rate plan review in Docket No. 99-155. Further, we have some concerns with the language in paragraph 4 of the Stipulation that may allow members of the IEPM and the IECG to receive the ECP, rather than the STEO rates, after February 29, 2000. By accepting this stipulation, we do not approve any stranded cost increases to ratepayers that may result from this provision and we reserve examination of this issue for later proceedings.

Finally, because the STEO rates ought to reasonably resemble market energy prices and because the NEPOOL energy market has just recently been implemented,² we direct CMP to file a report with the Commission on August 1, 1999 that examines the market operation and prices from May 1 through August 1, 1999. We reserve the opportunity to revise CMP's STEO rates for subsequent periods, based on that report.

Accordingly, we

O R D E R

1. That the Stipulation filed by Central Maine Power Company on May 17, 1999 in Docket No. 99-125 (and appended hereto as Attachment A) is hereby approved without modification.

Dated at Augusta, Maine, this 28th day of May, 1999.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Nugent
 Diamond

² The NEPOOL Energy market began trading at 12 a.m. May 1, 1999.

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of adjudicatory proceedings are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 6(N) of the Commission's Rules of Practice and Procedure (65-407 C.M.R.11) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which consideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320 (1)-(4) and the Maine Rules of Civil Procedure, Rule 73 et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320 (5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.